

Final Report

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Shaping the Housing Future of Calderdale

Housing Requirements Report

Calderdale Council



Contents

1.	Introduction	1
2.	Establishing the Context.....	3
3.	Estimating Future Household Demand and Housing Requirements.....	11
4.	The Drivers of Household Change	19
5.	Conclusion – Considering Housing Requirements	38

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For and on behalf of GVA Grimley Ltd

1. Introduction

Overview

- 1.1 GVA and Edge Analytics were appointed by Calderdale Council (hereafter 'the Council') in June 2011 to prepare a housing requirement analysis and recommendations report for the borough as an extension to the Calderdale Strategic Housing Market Assessment (SHMA) (2011)¹ prepared by GVA.
- 1.2 This study is required in light of ongoing national Government proposals to revoke housing targets set at the regional scale, with emerging policy encouraging local authorities to establish locally derived housing requirements underpinned by a robust evidence base.
- 1.3 The requisite outputs of the study therefore include key analysis and recommendations that will enable the Council to understand, and evidence, a range of tested local housing requirements scenarios for the Calderdale borough to inform consultation on the development of appropriate local housing targets within the emerging Calderdale Local Development Framework (LDF) Core Strategy.
- 1.4 The study considers the key drivers impacting on the housing market in arriving at conclusions. This includes analysis of demographic and economic factors as well as a comprehensive review of the active market. This draws upon GVA's bespoke 'PHASE' (Population, Housing And Strategic Evidence) approach, which uses an iterative scenario development approach to produce estimates of the future number of households, and therefore dwelling requirements, under a range of scenarios.

Purpose

- 1.5 The purpose of this report is to present the study context, the approach to the analysis, and to explore the evidenced current and future housing requirements for Calderdale.
- 1.6 The report concludes by recommending a set of refined parameters within which policy should set an appropriate housing requirement for Calderdale.

¹ 'Shaping the Housing Future of Calderdale': Calderdale SHMA (2011) Calderdale Council

- 1.7 Importantly, this evidence base is not intended to be directly transferred into a housing target within emerging policy. It is recognised by the Council that further consultation work will be required as part of this process alongside further detailed analysis of circumstances and factors influencing potential supply and demand, not least environmental and wider infrastructure constraints.

Report Structure

- 1.8 Following this introductory section, the report is structured as follows:
- Section 2: Establishing the Context
 - Section 3: Estimating Future Household Demand and Housing Requirements – The Approach
 - Section 4: The Drivers of Household Change
 - Section 5: Conclusion – Considering Housing Requirements

2. Establishing the Context

- 2.1 This section provides a concise review of the national, regional and local policy context, which together set the terms of reference for the study.

Housing Delivery in Policy

The Current National Context

- 2.2 Nationally population projections indicate that the population is rising, with this growth in the overall number of people being compounded further in demand for housing by falling average household sizes. The result nationally is a well documented apparent imbalance between current and future supply and the demand for housing.
- 2.3 Under the previous Labour Government, regionally set housing targets were an important component of the planning process in enabling levels of development which addressed this imbalance both locally and cumulatively at a national level.
- 2.4 Until further statutory guidance is adopted the national planning policies for housing are set out in Planning Policy Statement 3: Housing (PPS3). This document establishes the framework for regional and local policy and is one of a number of Planning Policy Statements (PPS) produced by the DCLG. A new version of PPS 3 was published in June 2011 including updated technical definitions of affordable housing in Annex B. PPS3 draws on Planning Policy Statement 1: Delivering Sustainable Development (PPS1) and places emphasis on good design, efficient use of land and helping to deliver sustainable communities.

The Emerging National Context

- 2.5 The Green Paper 'Open Source Planning' (February 2010) sets out some of the principles that are now being pursued by the Coalition Government. The 'Open Source Planning' concept refers to a planning system where there is a national framework of planning priorities and policies, within which local communities can produce their own distinctive local policies.
- 2.6 The Coalition Government is currently in the process of introducing reforms that will significantly alter the planning system. The Localism Act (November 2011) empowers local communities to form a neighbourhood forum and produce a neighbourhood plan for developments in their area. As long as these plans are consistent with the national planning framework and the local plan, development can be granted

through a neighbourhood development order. In addition a new homes bonus to incentivise Local Authorities has been introduced.

- 2.7 The Localism Act gives a legal foundation to the revocation of Regional Spatial Strategies (following a series of legal challenges from CALA Homes on the initial revocation of the regional tier of planning in June 2010). The Act imposes a duty on local planning authorities to co-operate and provide constructive, active and ongoing engagement in decisions relating to sustainable development or strategic infrastructure. Authorities will maintain their strategic responsibilities in setting Planning Policy which plans for future growth.
- 2.8 The Draft National Planning Policy Framework (NPPF), published in July 2011, represents an important initial part of this process of this reform of the planning system. This Framework reinforces the importance of undertaking research to enable local authorities to evidence need and demand for housing over the plan period. Specifically, the NPPF states that local planning authorities should have a clear understanding of housing requirements in their area. They should:
- Prepare a Strategic Housing Market Assessment to assess their full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:
 - meets household and population projections, taking account of migration and demographic change
 - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and
 - caters for housing demand and the scale of housing supply necessary to meet this demand.
- 2.9 The principle of a presumption in favour of sustainable development sits at the heart of the Draft NPPF document, the rationale being to ensure that the planning system does everything it can to support sustainable economic growth. A number of core planning principles are set out, several of which are directly relevant to the production of this study:

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- planning should proactively drive and support the development that this country needs. Every effort should be made to identify and meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth; and
 - planning policies and decisions should take into account local circumstances and market signals such as land prices, commercial rents and housing affordability. Plans should set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business community.
- 2.10 Under the housing theme the key objective is to increase significantly the delivery of new homes. In order to boost the supply of housing the Draft NPPF states that local planning authorities should:
- Use an evidence-base to ensure that their Local Plan meets the full requirements for market and affordable housing in the housing market area, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.
 - Identify and maintain a rolling supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements. The supply should include an additional allowance of at least 20% to ensure choice and competition in the market for land.

The Current Regional Picture

- 2.11 In June 2010 the regional policy tier was revoked and then reinstated in November 2010 following the CALA decision². Statements from the Government clearly outline that the revocation of the regional planning tier is scheduled to occur in 2011 and that the decision to remove plans should be treated as a material consideration³.

² On 6 July 2010, the revocation of Regional Strategies was announced with immediate effect further to section 79(6) of the Local Democracy, Economic Development and Construction Act 2009. The 6 July revocation decision was then subject to challenge in the Cala Homes (South) Ltd case (2010 EWHC 2866). This was decided on 10 November 2010 and the outcome was to quash the 6 July revocation. On 7 February 2011 the High Court dismissed a judicial review challenge by Cala Homes to the effect that the Secretary of State's statement of 10 November 2010 and the letter of the Chief Planner of the same date, referring to the proposed revocation of Regional Strategies were immaterial to the determination of planning applications and appeals before the formal revocation of Regional Strategies. Source - Advice produced by The Planning Inspectorate for use by its Inspectors - 8 February 2011 Regional Strategies – Impact of CALA Homes Litigation

³ Note: In a statement issued by the CLG Chief Planner it is noted that the Secretary of State wrote to Local Planning Authorities and to the Planning Inspectorate on 27 May 2010 informing them of the Government's intention to abolish Regional Strategies in the Localism Bill and that he expected them to have regard to this as a material consideration in planning decisions

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- 2.12 This tier of policy includes the Regional Spatial Strategy for Yorkshire and Humber (RSS), Regional Economic Strategy (RES) and Regional Housing Strategy (RHS 2005-2021). The removal of this tier of planning will mean that previously defined housing targets set through RSS will no longer part of the statutory evidence base.
- 2.13 Subsequent publications from the DCLG have identified that authorities are able to reach local decisions around suitable housing targets for inclusion in local plans. In recognition of this departure from a statutory regional document this research includes detailed examination of longer-term demand projections of household numbers.
- 2.14 The CALA decision has, however, resulted in regional Strategies having their statutory status reintroduced, and they therefore temporarily provide an important context in the absence of the development of future national and local policy. The Government has, however, signalled its continuing intention to abolish regional strategy within the Localism Act, which provides the legislative framework to achieve this objective.
- 2.15 Current and emerging planning policy in Calderdale therefore legally continues to be informed by the Regional Spatial Strategy for Yorkshire and Humber (RSS). The adopted RSS Policy H1 (b) 'Housing' sets a target for Calderdale to provide 12,060 new homes for the period 2008 – 2026 (net of clearance replacement), which equates to an annual average rate of 670 dwellings.
- 2.16 Importantly, RSS (paras 12.14-15) acknowledges the existing and anticipated housing growth pressures within the urban centres of Leeds and Bradford, yet in setting housing targets is limited to figures that meet housing need generated in localities. As a result, although Calderdale's housing target was not uplifted, RSS recognises that, "*there are significant opportunities for reengineering the older urban areas in West Yorkshire to accommodate this growth*". This has been reflected in historic levels of new housing development, which have, on average, both met and exceeded the RSS figure of 670 annually and infers towards the relationship the Calderdale housing market has with its surrounding urban localities.

Calderdale's Policy Context

- 2.17 In line with Planning Policy Statement 12 (PPS12) Local Spatial Planning, every local planning authority needs to produce a Core Strategy which should set out their overall vision for the development of the area, the key issues that need to be addressed with a delivery strategy for their achievement and clear arrangements for managing and monitoring the delivery of the strategy.
- 2.18 The Calderdale Core Strategy is a vision for the future in terms of the borough's spatial structure and development for the next 15 years. The Core Strategy will be the
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primary Development Plan Document (DPD) within the Local Development Framework (LDF). It will set the ground rules for future planning policies and neighbourhood plans.

- 2.19 As explained in the preceding sub-section, until emerging national policies are finalised and legally binding, the retention of current regional housing targets remains a legal consideration and a key element of the Calderdale Core Strategy - informing the Council's position in terms of its five year land supply.
- 2.20 However, there exists considerably greater flexibility for these to be shaped to directly reflect local understanding of demand for housing.
- 2.21 The emerging Calderdale Core Strategy is currently at the Refined Issues and Options stage. The Core Strategy Refined Issues & Options document (published for consultation in January 2011) sets out key areas for consideration in terms of future spatial planning.
- 2.22 Of particular relevance for this study, policy option Housing SO4 – Housing sets out Policy Option 16. This includes two primary policy alternatives for the setting of housing numbers in the borough:
- Plan only for housing levels required by RSS and New Growth Point (NGP) status.
 - Plan for more housing than required in RSS/NGP to future proof the Core Strategy.
- 2.23 The Core Strategy recommends that it is advisable to plan for a higher level of provision than the existing regional target in order to enable flexibility in policy to meeting future housing requirements. Reflecting upon the emerging national policy proposals within the Draft NPPF, as set out above, facilitating such a flexible local policy position appears strongly advisable.
- 2.24 It is therefore recognised that the overall housing requirement figure is likely to change – as a result of this study and other contributing elements of the local evidence base (such as the SHMA) as well as further consultation and engagement.

The Calderdale Housing Market

- 2.25 The Council published its latest Strategic Housing Market Assessment (SHMA) entitled 'Shaping the Housing Future of Calderdale' in September 2011. The SHMA has been

produced to be compliant with the requirements of PPS3, and conforms to the current national Government (DCLG) SHMA Guidance⁴.

- 2.26 The SHMA provides a comprehensive evidence base charting how the Calderdale housing market currently operates and is anticipated to operate in the future. It provides a fit for purpose basis upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand.
- 2.27 The SHMA is a highly detailed and extensive evidence base, with several highly pertinent conclusions important for consideration in the context of this study. These are considered below.

Sub-regional Market Geographies and Linkages

- 2.28 Understanding the market dynamics and spatial context of Calderdale is very important in arriving at a robust and evidenced housing requirement which recognises the impact of wider geographies.
- 2.29 The SHMA research identified that the borough of Calderdale has strong travel-to-work relations with neighbouring authorities – acting as a net ‘exporter’ of residents to Leeds, Bradford, Kirklees and Rochdale for employment.
- 2.30 Despite these prevalent economic linkages, Calderdale forms a distinct housing market within the Leeds City Region – separate from neighbouring authorities. Responses to the 2010 household survey, conducted as part of the SHMA, demonstrate that Calderdale provides a distinctive housing market offer, which is different to neighbouring authorities. Moreover, household growth within the borough in recent years has been strongly influenced by inward migration from these surrounding authorities – households moving from Bradford, Leeds and Kirklees together account for 14% of all household moves within Calderdale in the past two years.
- 2.31 The attractive offer of the Calderdale housing market to its existing residents is further reinforced by evidence from the 2010 household survey, with 75% of households currently planning to move home within Calderdale over the next two years expressing a strong preference to remain within the borough when they move.

⁴ Strategic Housing Market Assessments – Practice Guidance (August 2007 – version 2) DCLG

Sub-market Geographies within Calderdale

- 2.32 The SHMA also presents evidence that the Calderdale housing market does not perform in a uniform manner across the borough. Its operation is more complex – with nine 'higher-tier' sub-markets functioning below the authority scale, as well a 'lower-tier' of localised areas within these, which reflect the different tenures and market characteristics across the borough, and the shared characteristics, containment and functions operating at the local scale. Importantly for consideration of housing requirements and demands, differences in the sub-markets are reflected in the choices inward migrating and current households make about their preferred location of residence. For example, locations such as Mytholmroyd and Sowerby Bridge prove to be popular aspired destinations, whereas Todmorden was seen as a less popular location choice.

Housing Need (Affordable Housing)

- 2.33 The SHMA included an assessment of the level of housing need for affordable housing products over the next five years. In reading both the SHMA and this research it is important to recognise the distinction between the 'need' for affordable housing and the demand for housing overall (all tenures) over the longer term.
- 2.34 The SHMA used the DCLG SHMA Guidance stepped process to arrive at a final calculation of short-term need of 641 affordable houses per annum over the next five years.
- 2.35 This target incorporates the level of housing required to address the backlog of need which has built up within the authority over the years. The SHMA recognises that delivering this level of affordable housing will be extremely challenging, especially in the current financial, economic and development context. The figure is therefore intended to be a target and not a requirement.
- 2.36 It does, however, represent an important consideration for this research. The delivery of affordable housing going forward is likely to be heavily reliant on S106 agreements negotiated through new planning applications. The delivery of market housing of a sufficient quantum is therefore directly linked to the ability of the authority and partners to deliver much needed affordable housing.

Overall Housing Demand (longer-term all tenures)

- 2.37 The SHMA research also involved a detailed and robust assessment of the likely future change in the number of households across Calderdale, the longer-term overall demand or need for housing of all tenures. This process involved the modelling of a range of core scenarios, taking account of demographic, economic and policy

factors. However, the period since the Calderdale SHMA (2011) was commissioned (in 2009) has witnessed a significant amount of upheaval and change in the evolving policy and strategy framework, as set out above, as well as within the wider economy. Therefore, although providing an important basis for analysis within this study, the brief set for the SHMA fell short of establishing local housing requirements to the degree now deemed needed by emerging national Government policy.

- 2.38 As a result, this shift in national Government policy triggered a requirement for a study which advanced the evidence in the SHMA to establish a robust locally derived housing requirement for the Calderdale borough. Moreover, undertaking this additional research enables recently updated data sources to be considered within the analysis to provide the latest position. As such, this study will form an additional element of the Core Strategy evidence base to sit alongside the existing Calderdale SHMA (2011).

Summary

- 2.39 In summary, given the evolving policy climate at the time in which this research is being written, this study is intended to provide the Council with robust analysis of the local drivers of housing demand in order to assist in the process of developing and validating a future housing target for the borough.
- 2.40 This evidence base therefore represents an important component in ensuring that the Council continues to take a dynamic perspective of demand to inform planning policy going forward in line with emerging national Government policy.

3. Estimating Future Household Demand and Housing Requirements – The Approach

Introduction

- 3.1 This section presents the approach taken within the study to model future housing requirements. Furthermore, consideration is given to the role of existing modelling undertaken as part of the SHMA (2011) and the updating of the datasets utilised within the SHMA (2011) as part of this study.

The PHASE Approach

- 3.2 The 'PHASE' (Population, Housing And Strategic Evidence) approach developed by GVA and Edge Analytics uses an iterative scenario development approach to produce estimates of the future number of people, households and therefore dwelling requirements under a range of scenarios.
- 3.3 A projected population of the borough is modelled, with this then being converted into households using headship rates. Headship rates are applied to the population after accounting for the population 'not in households' (i.e. living in 'establishments'). The size of the population not in households is kept constant throughout the scenario period.
- 3.4 In modelling projections of population the PHASE approach considers the key drivers influencing the housing market, as illustrated in the diagram overleaf, namely:
- **Demographic / population projections:** The DCLG Guidance reinforces that demographic projections should be used to underpin assessments of future population and household growth and these sit at the heart of the PHASE approach. The analysis in this Section whilst including the ONS projections for benchmarking purposes utilises a dataset of revised population and household estimates modelled and projected forward using the POPGROUP population and household forecasts allowing for a bespoke analysis based upon locally based data.
 - **Economic projections and employment factors** – Considering the uplift (or decline) in employment opportunities represents an important factor in identifying

potential household growth rates required to achieve the levels of economic growth forecast and aspired to.

- **Housing capacity and market** – Factoring in the historical development response in meeting demand, as well as the future supply capacity to meet demand in order to identify potential capacity constraints.
- **Policy** – Recognising the impact of the realisation of household and population growth underpinning strategic policy ambitions and objectives.

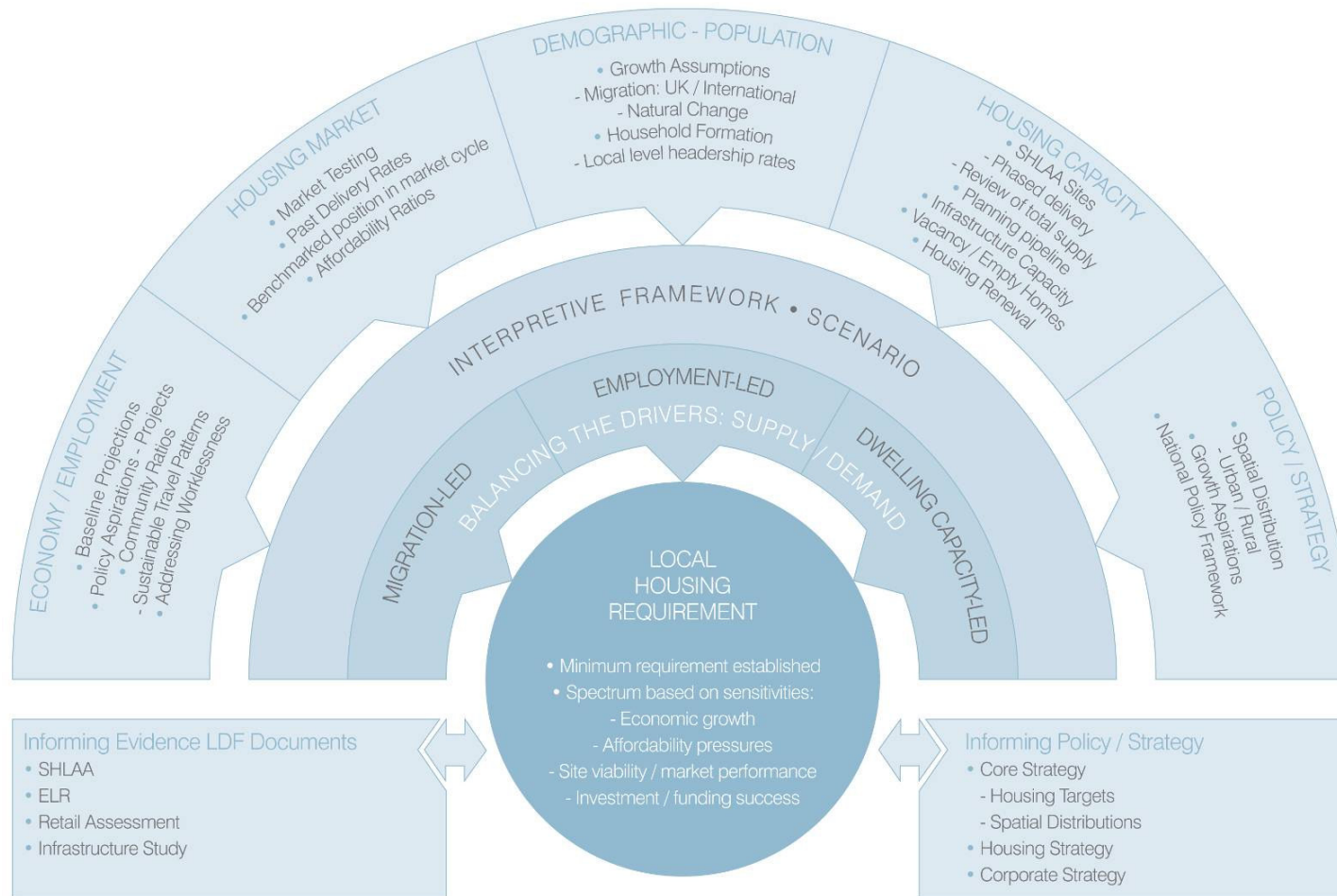
3.5 The PHASE analysis uses official datasets and the POPGROUP model. POPGROUP is a family of demographic models developed to forecast population, households and the labour force for areas and social groups. Population projections use a standard cohort component methodology whilst the household projections use a standard household headship rate methodology, as employed by ONS and DCLG respectively⁵ in order to translate population projections into household projections.

3.6 Following an iterative process of evaluating the trajectories of change a selection of preferred scenarios are presented which are considered to represent a broad spectrum of the most realistic trajectories of change. This provides the authorities with an indication of the range of housing requirements that should be used to inform policy. The full suite of scenarios is presented to ensure that a range of projections are available for future consideration dependant upon changes to influencing factors such as policy objectives or market performance.

3.7 This projection of the growth in households is a key driver in determining the future number of houses required to accommodate households across all tenures. This concept of 'demand for housing' therefore incorporates, at a strategic level, the 'need' for affordable housing.

⁵ POPGROUP is used by over 90 local and regional organisations in the UK and has been subject to extensive enhancement and development over the last ten years. It uses MS Excel workbooks to manage its data inputs and outputs and provides great flexibility to enable users to experiment and analyse alternative forecasts. A more detailed description of the population and household projection methodologies is available from the User Guide and Reference Manual on the POPGROUP website. The mathematical calculations for each method are documented at the end of each of the manuals. www.ccsr.ac.uk/popgroup/about/manuals.html.

Figure 3.1: PHASE Process – Deriving local housing requirements



The SHMA 2011 Conclusions

- 3.8 The SHMA (2011) research involved an initial assessment of the likely future change in the number of households across Calderdale. A range of scenarios were developed, taking account of demographic, economic and policy factors. This process utilised the POPGROUP model.
- 3.9 The range of initial scenarios established within the SHMA (2011) is included in Figure 3.2 below and was completed during 2010. This includes a number of demand-led scenarios as well as a supply-led scenario which presents a potential projected capacity for the borough, based upon data sourced from the SHLAA.
- 3.10 Analysis suggested a potential range in the annual average uplift in the number of households between 2008 and 2026 of:
- 860 per annum under an employment (economic growth) constrained scenario; to
 - In excess of 1,050 per annum under a continuation of recent demographic trends.

Figure 3.2: SHMA (2011) - Range of Future Household Projections

Scenario	Key Assumptions	Scenario Appraisal	Households			
			2008	2026	Change 2008 - 2026	Annual Average (18 years)
Supply-led						
1. Dwelling led - (Supply / Capacity based)	Uses phased supply of housing identified through the SHLAA.	SHLAA capacity considered to represent ambitious development profile particularly over the short-term.	84,840	102,240	17,400	967
Demand: Demographic-led						
2. CLG ONS 2008 Base projections	ONS 2008 Household projections	Projection based upon recent trends - derived at borough scale only	84,840	104,136	19,296	1,072
3. Migration-led / POPGROUP	POPGROUP correction factor applied to ONS projections	Locally-derived projection based upon recent trends. Not anticipated to continue.	84,840	103,820	18,980	1,054
Demand: Assessing the impact of the economy						
4. Economic led	Impact of the Yorkshire Futures REM jobs forecast	Forecast takes into account the likely changes that will be brought about through recession and slow employment growth.	84,840	100,315	15,475	860

Source: GVA / Edge Analytics, 2010

Ensuring a Robust Approach – Additional Sensitivity Testing

- 3.11 To arrive at a robust position in line with emerging national Government policy to inform consultation on local housing requirements (as set out in Section 2), it is necessary to undertake further sensitivity testing on the established scenarios at a district level beyond those set out within the SHMA (2011) and referenced above.

Extension of the Testing Timescale

- 3.12 Importantly, the scenarios will be extended to run to 2031 and 2033 to take into account a potential shift in the LDF and Calderdale Core Strategy period timescale beyond the 2026 end-date previously considered.

Increasing the Factors Tested & Utilising Latest Available Data

- 3.13 In addition, this study utilises the latest data sources available alongside the consideration of a greater number of factors in order to update as well as expand the scope and depth of the local housing requirements analysis beyond the initial assessment within the SHMA (2011).

- 3.14 Updated data includes:

- The latest 2010 mid-year population estimates (MYE) produced by ONS. This provides an update to the 2009 MYE utilised within the SHMA (2011) as well as providing new internal and international migration data. The timing of this additional year of data is important as this year (09/10) follows the UK recession with the impact on migratory trends considered to be more apparent.
- Council Tax data denoting occupied properties as at 1st April 2011. This represents a further year of locally-specific household data than contained in the SHMA (2011). It therefore facilitates the use of Council Tax data from 2001 to 2011 – providing a decade of accurate local data for comparison against the modelled national estimates within the POPGROUP model.
- The SHMA (2011) utilised the April 2010 economic forecast of the Regional Econometric Model (REM) maintained by Yorkshire Futures to establish future employment levels within Calderdale. This study incorporates the latest April 2011 economic forecast of the REM within analysis.
- The potential future dwelling capacity and housing delivery trajectory within the SHMA (2011) utilised the Council's 2009 Strategic Housing Land Availability Assessment (SHLAA). The Council has subsequently produced a 2010 SHLAA Review, which contains a revised potential dwelling capacity and new

development trajectory. The data from the 2010 SHLAA Review is utilised within this study.

- To test the potential impact of market influences on household growth the impact of recent and longer term housing development rates in Calderdale is utilised within this study. This draws upon 10 years of historic completions data (back from 2011) provided by the Council and was not considered in the SHMA (2011).

Producing a Revised Set of Core Scenarios

- 3.15 Utilising the individual drivers identified in the PHASE approach, and the most recent available data a revised set of core growth scenarios are developed. These scenarios include variations on four key driver led projections alongside a benchmark scenario driven from the 2008 based Sub-National Population Projections published by the ONS and replace those set out in Figure 3.2 and the SHMA (2011).
- 3.16 In summary the core scenarios of projected population / household change are:
- ONS 2008-based Sub-National Population Projections (SNPP). This dataset is presented throughout as a benchmark against which to compare alternative scenarios. In terms of the population projection element of this scenario this data has not been recalibrated in any way. The derived household projections incorporate the rescaled headship rates for authorities detailed in the sub-section below (these are applied to all scenarios)⁶;
 - Natural Change Scenario – This represents another ‘trend-based’ scenario, this time modelled through the POPGROUP model. Under this hypothetical scenario population projections are modelled based on the impact of ‘no migration’, where the only drivers of growth are births and deaths in the authority. This represents a hypothetical position as this set of circumstances could never reasonably be expected to occur. However, it provides an important insight into the anticipated levels of population change which will occur from locally generated demographic pressures alone;
 - Migration-led / POPGROUP Scenario – This is a ‘trend-based’ scenario developed using a similar methodology to the SNPP. The scenario draws upon more recent data from the mid-year estimates released by the ONS to develop updated projections. This updated information draws on more recent evidence on births,

⁶ The ONS released its revised 2010 based National Population Projection statistics (NPP) in October/November 2011. Given that these are only available at the national scale – and not at a lower spatial scale – it is not possible to incorporate these into the analysis within this report at this stage. It is anticipated that a revised SNPP dataset will be released in 2012. It will be important for Calderdale Council to reflect on the connotations of this data (when available) for projected local population growth for Calderdale as part of its monitoring procedures.

deaths and migration to calibrate an alternative projection through the POPGROUP model. This alternative is an important comparison to the SNPP given the reduction in internal migration flows since 2008 and the sensitivity of the international migration component;

- Employment-led Scenario – This is the first of two 'policy constrained' projections. This scenario takes the migration-led scenario as its base and constrains the population to the latest employment forecasts (taken from the Regional Econometric Model produced by Yorkshire Futures). The scenario assumes that economic activity rates, unemployment rates and the commuting ratio for the authorities continue to reflect recent performance levels; and
- Dwelling-led Scenario – The second 'policy constrained' scenario also takes the migration-led scenario as its base but models the impact of the proposed future house building trajectory identified within the Calderdale SHLAA Review (2010) as a 'constraint' on household growth.

3.17 In addition, a number of additional sensitivities are applied to several of the core scenarios. These sensitivities are all based upon evidenced assumptions relating to key drivers and the analysis process therefore includes the identification of the relative validity / reality of these assumptions to assist in assigning individual elements greater weight. The intention is not to present a large range of scenarios but to use this process to arrive at a series of evidenced and justifiable scenarios upon which policy can be based. The sensitivities explored include:

- Varying Household Size Assumptions: This sensitivity applied to the Migration-led Scenario tests the impact on household growth of 'freezing' projected household size for the next 5 years. This is tested as a response to the recent evidence to suggest that household size has not fallen as steeply as is projected, as well as likely continuing housing market constraints on mobility and housing delivery.
- Altering Economic Activity Rates: This sensitivity applied to the Employment-led Scenario tests the impact on household growth of increasing the economic activity rate amongst older persons within Calderdale in order to reflect an increasing trend towards older persons delaying retirement.
- Applying Zero Employment Growth: This sensitivity holds employment at current levels – assuming no additional jobs are created within the borough and tests the impact on housing requirements.
- Applying Alternative Dwelling Supply Constraints: These sensitivities apply an alternative building trajectory that is based on average 'completion rates' from the last five years, ten years and delivery in line with the RSS target (670 per

annum) to test the potential market / policy constraint on future housing requirements.

- 3.18 Each of these scenarios is considered in turn within the following section (section 4). These are then brought together at the end of the section in a simple table comparing the differing levels of household change overall and per annum under each scenario.

4. The Drivers of Household Change

- 4.1 The SHMA (2011) provides a detailed analysis of Calderdale's historic drivers of population and household growth back to 1991. Hence, this analysis is not replicated in this study and the SHMA (2011) should be referred to for further information.
- 4.2 Future household change is derived from population projections utilising the headship rate assumptions presented in the preceding chapter, and sensitivities presented within the following scenarios.

Demographic Drivers

- 4.3 Four demographic-driven household growth scenarios are presented for consideration (Scenarios 1, 2, 2a, and 3). This analysis is trend-based as it draws upon the historical evolution of the population within Calderdale (as analysed within the SHMA) in order to project future changes in population and households. The scenarios combine evidence on natural change and internal migration with data considering the impact of fertility rates, mortality rates and international migration.

Scenario 1 – SNPP

- 4.4 This scenario uses the ONS 2008-based Sub National Population Projections (SNPP) and the accompanying DCLG 2008-based Sub National Household Projections (SNHP). The 2010 mid-year ONS estimates (MYE) of population provide the base historical data for the SNPP, which are produced every two years. These datasets provide a projection for a 25 year time-horizon, for Calderdale at the borough scale. The projection represents an important part of any assessment of future household change and is specifically referenced within the current DCLG SHMA Guidance⁷.
- 4.5 Assumptions used by the sub-national population projections are based on recent evidence on births, deaths and migration, plus they incorporate evidence from an expert panel which has provided guidance on likely future trends in fertility, mortality and migration. SNPP are constrained to the total population estimated in the national population projections (NPP).
- 4.6 SNPP provides the basis for the SNHP for England. This dataset again provides projections for a 25 year time-horizon, for Calderdale. As noted above the projections

⁷ Strategic Housing Market Assessments – Practice Guidance (August 2007 – version 2) DCLG

are derived through the application of projected *headship rates*, by household type, to the age-sex composition of the population projection.

- 4.7 The following figure shows the projected change in households (note institutional populations are removed) between 2008 and 2033, including average annualised figures across three time periods. It is important to note that the average annual growth of households differs over these time periods as the model calculates change on an annual basis reflecting the interaction of the components of change and the age/sex make up of the population. The same time periods are used to display the data under each scenario.

Figure 4.1: Scenario 1SNPP – Population and Household Projection data

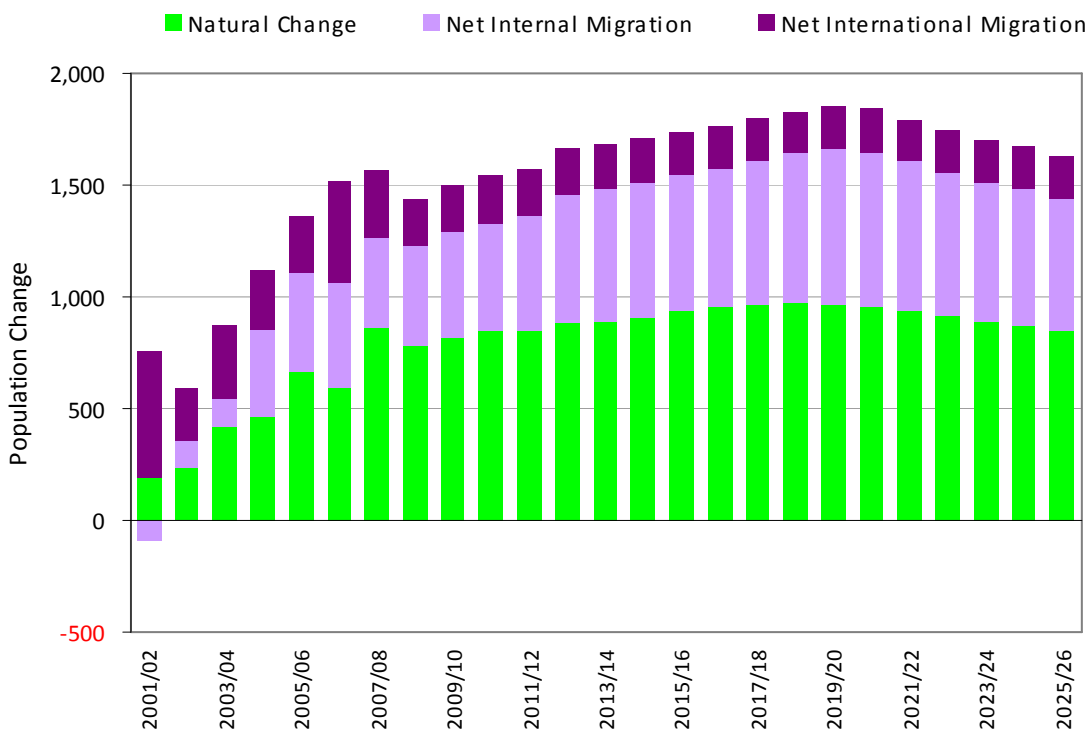
Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
1	85,343	103,905	108,933	110,882	6,502	18,563	23,650	25,539	929	1,031	1,028	1,022

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.8 The translation of the SNPP population projections into household projections clearly shows that Calderdale is projected to grow its household base substantially under this scenario. Indeed, Calderdale is projected to grow over 25,500 households by 2033, translating into a rate of just over 1,020 households per annum over this period.
- 4.9 The following chart shows the interplay between the different components of change under this scenario.

Figure 4.2: Components of Population Change - Scenario 1 (SNPP)

Calderdale



Source: Edge Analytics, 2011

4.10 The chart clearly shows the role of natural change as a driver of internal population growth over the projection period – particularly up to 2020. There is also a significant projected role for continued internal UK migration into Calderdale in driving population growth over the entire projection period. A long-term projected continuation of international in-migration into Calderdale is also a growth factor – albeit to a lesser extent.

Scenario 2 – Migration-led / POPGROUP

4.11 Using the POPGROUP suite of software Edge Analytics have developed an alternative ‘trend-based’ scenario to the SNPP Scenario. This projection is classified as ‘migration-led’ as it takes no account of any future housing capacity for the development of new housing across Calderdale, but rather project forwards a continuation of recent historical demographic trends of growth or decline.

- 4.12 Importantly, the impact of the operation of the wider housing market has resulted in changing migration trends due to reduced mobility in the market, with this serving in many cases to quell historical trends of high migration levels. The migration-led scenario differs to Scenario 1 by taking account of, and providing greater weight going forward upon, the 2009 and 2010 migration data drawn from the MYE. The SNPP (and therefore Scenario 1) does not take account of this information.
- 4.13 This migration-led approach is arguably a more robust reflection of the impact of current housing market and economic conditions on household mobility and migration.

Figure 4.3: Scenario 2 – Migration Led Population and Household Projection data

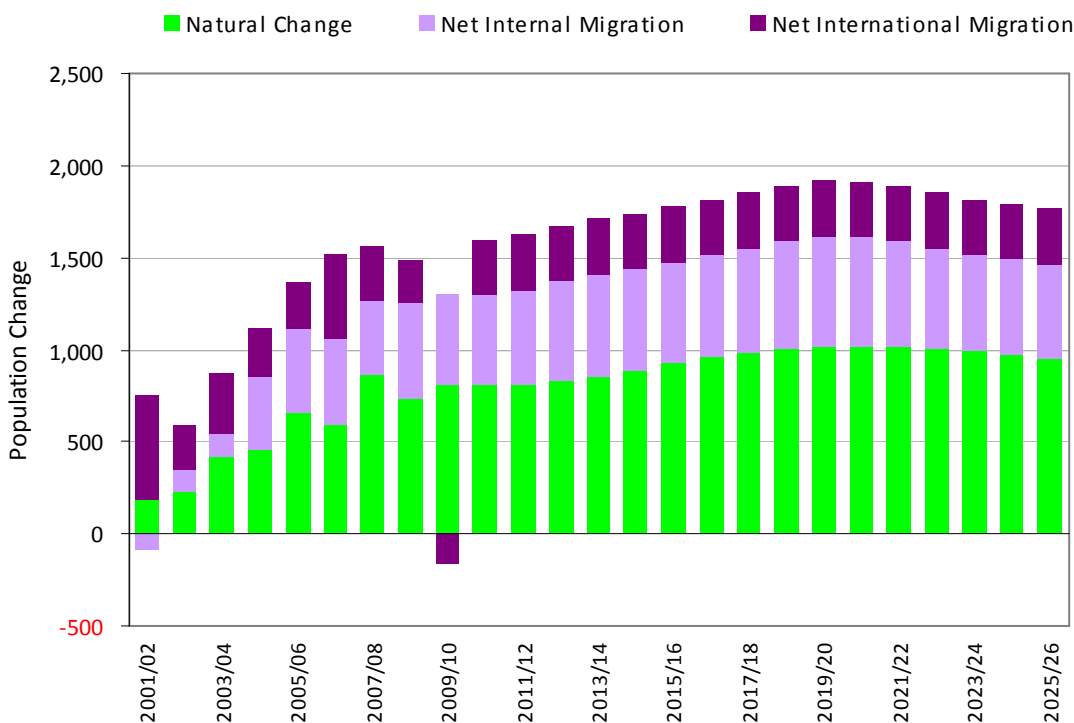
Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
2	85,343	103,802	108,996	110,966	6,212	18,459	23,653	25,624	887	1,026	1,028	1,025

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.14 Population and household growth in Scenario 2 is very similar to that projected within Scenario 1. This suggests that Calderdale has continued to experience relative consistency in migration trends in the last several years despite the changing market and economic climate.
- 4.15 The following figure shows the interplay between the different components of change under Scenario 2, and reinforces the similarities with Scenario 1. The only outlier is international migration in 2009/10, which demonstrated a negative growth. International migration is volatile and linked to global economic trends and opportunities. This therefore, is likely to be representative of international economic migrants leaving the borough in response to the tightening employment market over this period. It is not possible to predict this trend continuing into the future. Moreover, the prevailing macro-economic climate across the EU currently presents the UK as an appealing employment destination for international economic migrants when compared to alternative locations across the Euro-zone.

Figure 4.4: Components of Change – Scenario 2 (Migration-led)

Calderdale



Source: Edge Analytics, 2011

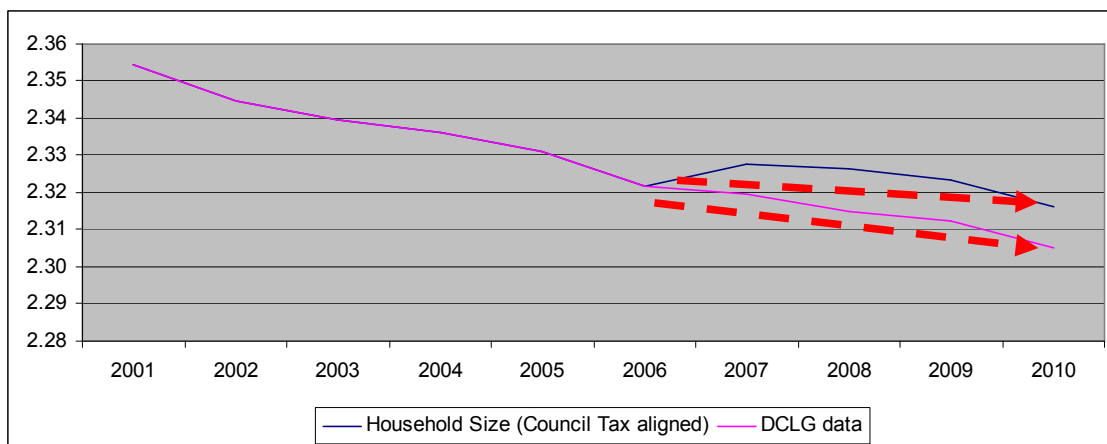
Scenario 2a – Household Size Sensitivity

- 4.16 This sensitivity applied to Scenario 2 tests the impact on household growth of ‘freezing’ projected household size for the next 5 years and has been developed using the POPGROUP suite of software.
- 4.17 This sensitivity is tested as a response to the recent evidence to suggest that household size has not fallen as steeply in Calderdale as is projected by DCLG in the SNHP. Locally sourced Council Tax records indicate that Calderdale has experienced a relative stability in household size over the last decade falling from 2.35 persons in 2001 down to 2.32 persons in 2010.
- 4.18 In comparison, the DCLG SNHP suggests a slightly higher decrease in household size in Calderdale from 2.35 persons in 2001 down to 2.31 persons in 2010. Moreover, this trend is magnified within the SNHP going forward, with the SNHP projection assuming a

continued fall in household size to 2.28 persons in Calderdale in the next five years. This assumption is then utilised to underpin Scenarios 1 and 2.

4.19 The historic information from the two data sources are compared and presented in the following figure.

Figure 4.5: Historic Household Size - Comparison between DCLG Estimates & Council Tax Records



GVA, 2011, ONS, 2010

4.20 It is evident that recent Council Tax records suggest that household size has fallen more slowly than projected by the DCLG.

4.21 Therefore, this sensitivity tests the impact of freezing household size at the current size for the next 5 years. This is seen as an appropriate sensitivity to test in order to reflect the locally-derived trends evident through Council Tax returns, as well as the likely continuing housing market constraints on mobility and housing delivery (for reference the latter issues are analysed in depth within the SHMA).

4.22 The following figure demonstrates the impact of applying this sensitivity.

Figure 4.6: Scenario 2a – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
2a	85,343	103,273	108,371	110,626	5,894	17,931	23,028	25,284	842	996	1,001	1,011

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.23 Population and household growth in Scenario 2a falls slightly below the levels projected within Scenarios 1 and 2. This is reflective of population growth being accommodated in a lower number of households, as household size is assumed to be higher over the short term, with the knock-on effect being the moderation of housing requirement levels over the test period.
- 4.24 The difference in average annual household change resulting from this sensitivity is relatively minor. Whilst it forms an important consideration this small impact means that it is not carried forward as a sensitivity, or a constraint, for the other economic and dwelling-led scenarios.

Scenario 3 – Natural Change

- 4.25 Using the POPGROUP suite of software Edge Analytics have developed a scenario of population change which removes the impact of migration from 2011 onwards. This therefore assumes that the existing population is not changed by migratory factors and that population change is constrained only to natural change from the population (i.e. births and deaths).
- 4.26 It is important to recognise that this scenario is a hypothetical scenario with the reality of the operation of the housing market meaning that migration could never be constrained to zero.

Figure 4.7: Scenario 3 – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
3	85,343	97,092	99,862	100,795	4,547	11,749	14,519	15,453	650	653	631	618

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

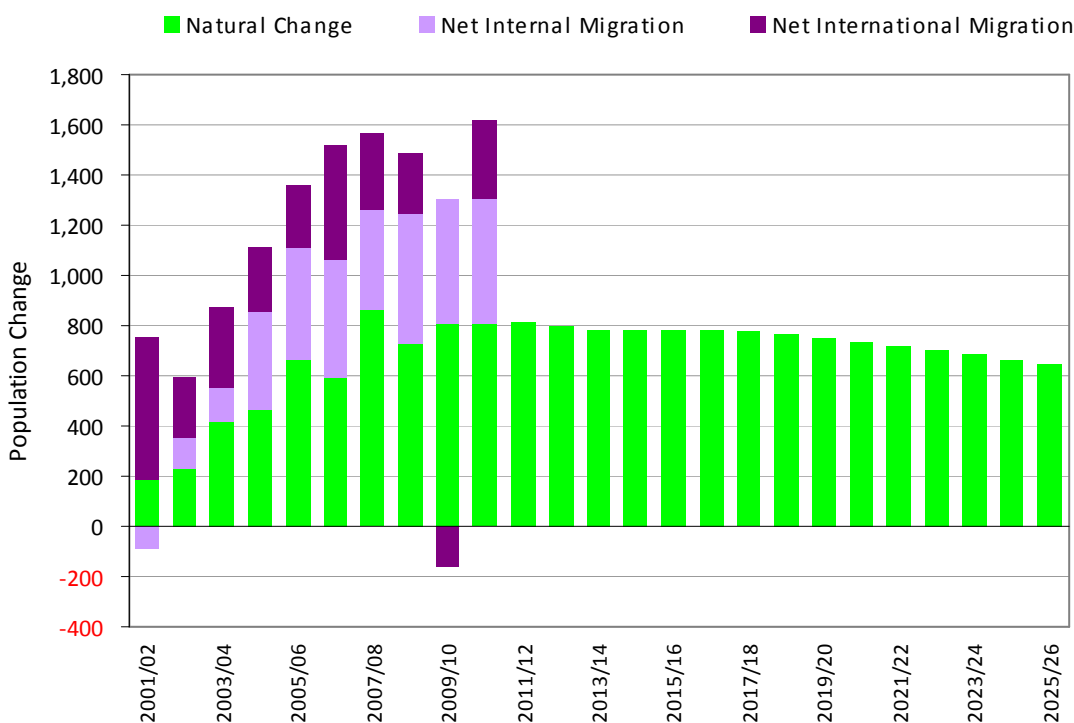
- 4.27 Under this Scenario a considerably lower level of future population and household growth is projected within Calderdale than demonstrated within Scenarios 1 and 2. This demonstrates the importance of both internal and international migration into Calderdale in driving future population and household growth.
- 4.28 Nevertheless, a relatively strong level of population and household growth does remain in place under this Scenario. This highlights the positive growth impact of natural change within Calderdale on population and household change within Scenarios 1 and 2. Based on this analysis births will continue to outpace deaths within

Calderdale, resulting in a net growth in population and households. In addition, falling household size – as assumed by DCLG within the SNPP – is evidently a driving factor behind projected growth from natural change as demonstrated within Scenario 2b.

4.29 The following figure shows the interplay between the different components of change under this scenario.

Figure 4.8: Components of change – Scenario 3 (Natural Change)

Calderdale



Source: Edge Analytics, 2011

4.30 The figure clearly illustrates the impact of removing any projected migration in the future, with change solely focussed around natural change factors, highlighting that this factor alone would continue to drive population and household growth within Calderdale.

Economic Drivers

- 4.31 Three economic-driven household growth scenarios are presented for consideration (Scenarios 4, 4a and 4b). This analysis models the impact of changing employment levels on the future population of Calderdale.

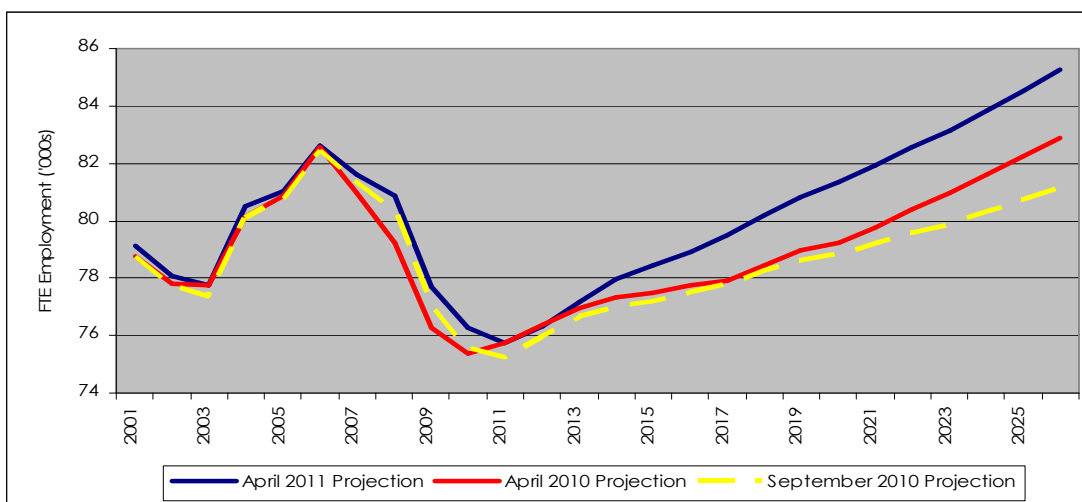
Scenario 4 – Employment Constrained

- 4.32 This scenario is a policy-constrained scenario rather than a trend based scenario. Demographic trends, driven by the migration-led scenario (Scenario 2), are aligned with the April 2011 employment forecast produced for Calderdale by Yorkshire Futures⁸.
- 4.33 The construction of this scenario is achieved by applying parameters which measure the relationship between the population and the labour force (economic activity rate) and between the labour force and the number of jobs in an area (labour force: jobs conversion factor). This takes into account the level of unemployment but also the degree to which residents live and work within the borough.
- 4.34 In an employment constrained scenario, net in-migration will occur if the size of the labour force is insufficient to match the number of jobs forecast to be created. This assumes that commuting patterns remain constant alongside economic activity / unemployment levels. Net out-migration will occur if there are too few jobs for the labour force.
- 4.35 The following figure presents the most recent employment growth projections for Calderdale (to 2026) produced by the REM and available for analysis within this study. These date from April 2010, September 2010 and, most recently, April 2011⁹.
- 4.36 Importantly, the differences in projections within this short timescale demonstrate that economic forecasting is not an exact science, with small changes in prevailing conditions having considerable effect. The April 2010 projection estimates employment growth in Calderdale to equate to approximately 7,500 jobs from 2010-2026, whereas the September 2010 projection is more sceptical of growth (5,500 new jobs in the same period). The SHMA (2011) utilises the April 2010 projection, which has now been superseded.

⁸ Source: Yorkshire Futures – Regional Econometric Model (April 2011 Run)

⁹ Note: A September 2011 REM projection has now been released, although this was provided to the Council too late in the process to include within the household scenario testing within this report. The Council should consider the implications of the latest REM projections as they are released as the Core Strategy is progressed.

Figure 4.9: Employment Projections for Calderdale (to 2026) - REM



Source: Yorkshire Futures (REM), 2011

- 4.37 The April 2011 REM projection is the most positive and estimates employment growth in Calderdale to equate to approximately 9,000 jobs from 2010-2026. Given it represents the latest projection available for analysis, it is utilised as the basis for employment constrained analysis within this study¹⁰.
- 4.38 The application of the assumptions above to the demographic projections under Scenario 2 result in the following levels of population and household change over the projection period.

Figure 4.10: Scenario 4 – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
4	85,343	105,789	111,201	113,244	6,503	20,447	25,859	27,901	929	1,136	1,124	1,116

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

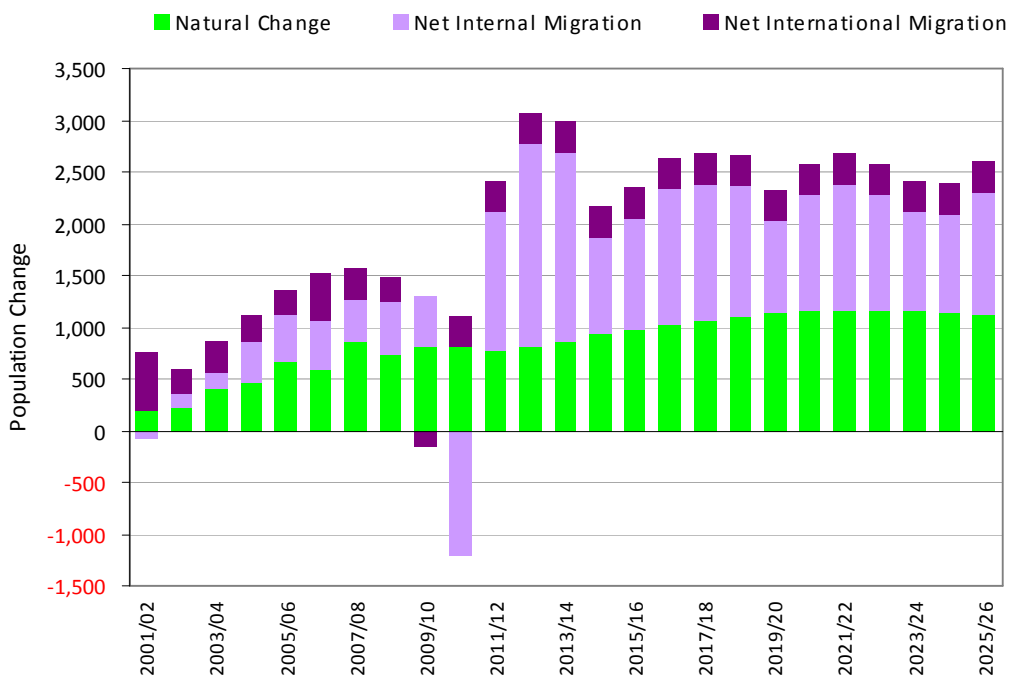
¹⁰ Note: As the September 2011 REM projection was released too late in the process to include within the household scenario testing – it has not been considered in detail within this report. However, it is important to recognise that the September 2011 REM projection estimates that the Calderdale economy will recover more strongly in the period 2010 - 2026 (adding almost a further 1,000 jobs) than estimated within the April 2011 REM projection. As a result, if the September 2011 REM projection was to be utilised to inform the scenarios presented in this report it would result in a slightly higher (albeit minimal) projection of household change in order to fill additional job opportunities.

4.39 Under this scenario Calderdale sees elevated levels of population and household growth against the preceding scenarios examined. This reflects the current and projected demographic make-up of the borough's population. Households and people of non-working age make up a notable proportion of the demographic profile of the borough. This does not align well with the projected change in the economy, particularly when the forecast suggests a stabilisation and then increase in job numbers over the analysis period – resulting in an assumed requirement for in-migration of population and households to fill these job opportunities.

4.40 The following chart shows this interplay between the different components of change under this scenario.

Figure 4.11: Components of change – Scenario4 (Employment constrained)

Calderdale



Source: Edge Analytics, 2011

Scenario 4a – Older Person Activity Rate Adjustment Sensitivity

- 4.41 Scenario 4 aligns employment forecasts with the projected labour force within Calderdale, based on the demographic trend-based Scenario 2. This alignment process keeps a number of key assumptions constant including Economic Activity Rates.
- 4.42 Scenario 4 shows a significantly greater level of population growth than previous scenarios. This is largely driven by the assumption that Calderdale needs to accommodate further in-migration of working age people to service new jobs or indeed existing jobs as the population ages and retires.
- 4.43 However, in reality it is likely that the existing labour force will expand its capacity naturally through higher levels of economic activity of those in the upper age bands of the active workforce. This reflects plans to raise pensionable ages and a sustained pressure on many people to continue to supplement potential pensions with income from employment.
- 4.44 This sensitivity Scenario (4a) therefore modifies the Economic Activity rates of this particular age cohort, with the following assumptions applied:
- 50 – 64 years – Economic Activity rates incrementally increased by 10% between 2011 and the end of the projection period. An incremental approach is applied to reflect the gradual impact of this employment factor; and
 - 65+ years – Economic Activity rates are incrementally increased by 50% over the same time period.
- 4.45 The key outputs of the Sensitivity in terms of population and household growth are displayed in the following table.

Figure 4.12: Scenario 4a – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
4a	85,343	103,237	108,376	110,323	5,881	17,895	23,033	24,981	840	994	1,001	999

Source: Edge Analytics, 2011, GVA, 2011

- 4.46 When compared to Scenario 4, Scenario 4a results in a lower estimated growth in households in Calderdale between 2008 and 2033 of 999 additional households per annum. The application of assumptions within Scenario 4a serves to expand the latent capacity of the existing labour force rather than require the same levels of in-migration of working age people to match job forecasts.
- 4.47 This sensitivity is grounded in a robust assumption around the changing nature of employment patterns based on more recent trends and emerging policies. This therefore represents a refined iteration of Scenario 4 which balances economic and demographic factors, an important consideration in the development of policy.

Scenario 4b – Zero Employment Growth Sensitivity

- 4.48 This sensitivity scenario of population and household change removes the impact of growth or contraction in number of persons employed within Calderdale economy from 2011 onwards. This therefore constrains the number of jobs to the 2011 level as a constant and assumes zero growth in jobs within Calderdale. It does, however, assume that Economic Activity rates are modified in line with Scenario 4a (for consistency in assessment), with the following assumptions applied:
- 50 – 64 years – Economic Activity rates incrementally increased by 10% between 2011 and the end of the projection period. An incremental approach is applied to reflect the gradual impact of this employment factor; and
 - 65+ years – Economic Activity rates are incrementally increased by 50% over the same time period.
- 4.49 It is important to recognise that this scenario is a hypothetical scenario with the reality of the operation of the economy and housing market meaning that job growth is highly unlikely to be constrained to zero.

Figure 4.13: Scenario 4b – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
4b	85,343	95,922	98,576	99,638	4,344	10,580	13,233	14,295	621	588	575	572

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.50 Under this Scenario a considerably lower level of future population and household growth is projected within Calderdale than demonstrated within Scenarios 4 and 4a. Moreover, this Scenario results in a lower level of future household growth than Scenario 3 (Natural Change) by causing employment levels to stagnate net migration out of Calderdale is increased. This demonstrates the importance of employment in Calderdale as a driver of future population and household growth.

Supply / Development Drivers

- 4.51 Under this set of four scenarios the demographic trends within Scenario 2 are constrained by hypothetical future dwelling supply projections. The number of properties built therefore constrains the population that can be accommodated using the same headship rates as Scenario 2.
- 4.52 These sensitivities apply an alternative building trajectory that is based on average 'completion rates' from the last five years, ten years and future delivery in line with the RSS target (670 per annum) to test the potential market / policy constraint on future housing requirements.

Scenario 5 – 5 Year Development Trend

- 4.53 This scenario constrains annual future housing supply growth across the analysis period to the average annual level of housing delivery experienced within Calderdale during the last 5 years (2006/07 – 2010/11).
- 4.54 The application of this 'constraint' produces the following household and population projections for Calderdale.

Figure 4.14: Scenario 5 – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
5	85,343	99,999	104,145	105,803	5,535	14,656	18,802	20,461	791	814	817	818

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.55 The scenario presents a lower projection of household growth than within Scenario 2 (demographic-led). This clearly shows the constraining of migration flows into the borough, where development rates are constrained in future to reflect recent trend levels over the past 5 years.

Scenario 5a – 10 Year Development Trend

- 4.56 This scenario constrains annual future housing supply growth across the analysis period to the average annual level of housing delivery experienced within Calderdale during the last 10 years (2001/02 – 2010/11). Scenario 5a therefore represents a 'medium' term trend position when compared to the short-term trend (5 years) within Scenario 5.
- 4.57 The application of this 'constraint' produces the following household and population projections for Calderdale.

Figure 4.15: Scenario 5a – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
5a	85,343	99,617	103,644	105,254	5,416	14,274	18,301	19,911	774	793	796	796

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.58 As with Scenario 5, Scenario 5b presents a lower projection of household growth than within Scenario 2 (demographic-led). Furthermore, Scenario 5b further constrains household growth below the projected level in Scenario 5. This is reflective of the lower development levels in the early 2000's, which have resulted in a lower average dwelling development rate over the 10 year period – this despite the fall in development as a result of the recession during the last several years (further details on completion rates are provided in the SHMA).
- 4.59 Scenario 5a shows the greater constraining of migration flows into the borough, where development rates are constrained in future to reflect lower trend levels over the past 10 years.

Scenario 5b – RSS Constrained

- 4.60 This scenario applies a policy constraint to housing supply within Calderdale going forward across the period of analysis (to 2033). Therefore, Scenario 5b constrains dwelling growth to the level set within the Regional Spatial Strategy for Yorkshire and Humber (RSS). The adopted RSS Policy H1(b) 'Housing' sets a target for Calderdale to provide 12,060 new homes for the period 2008 – 2026 (net of clearance replacement), which equates to an annual average rate of 670 dwellings.
- 4.61 The application of this policy 'constraint' on dwelling supply produces the following household and population projections for Calderdale.

Figure 4.16: Scenario 5b – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
	5b	85,343	96,887	100,087	101,367	4,504	11,544	14,744	16,024	643	641	641

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.62 This scenario serves to constrain future household growth at a lower level than Scenarios 5 and 5a, which is reflective of the fact that Calderdale has, on average, exceeded the level of housing delivery set within RSS in recent years.
- 4.63 Interestingly, delivering housing only at RSS levels¹¹ also indicates that Calderdale would not cater for housing demand arising through demographic drivers (as set out within Scenario 2), and would only just provide enough housing to cater for indigenous household growth when migration is disregarded (Scenario 3).
- 4.64 Moreover, Calderdale would not have sufficient housing capacity to provide homes for the number of households anticipated as required in order to fill the available job vacancies within the borough's economy over this period. As a result, households would either commute into Calderdale to work, whilst living outside the borough, or would choose not to work in the borough. The latter choice holds the possibility of 'holding back' the future performance of the Calderdale economy – if its latent potential cannot be fulfilled.

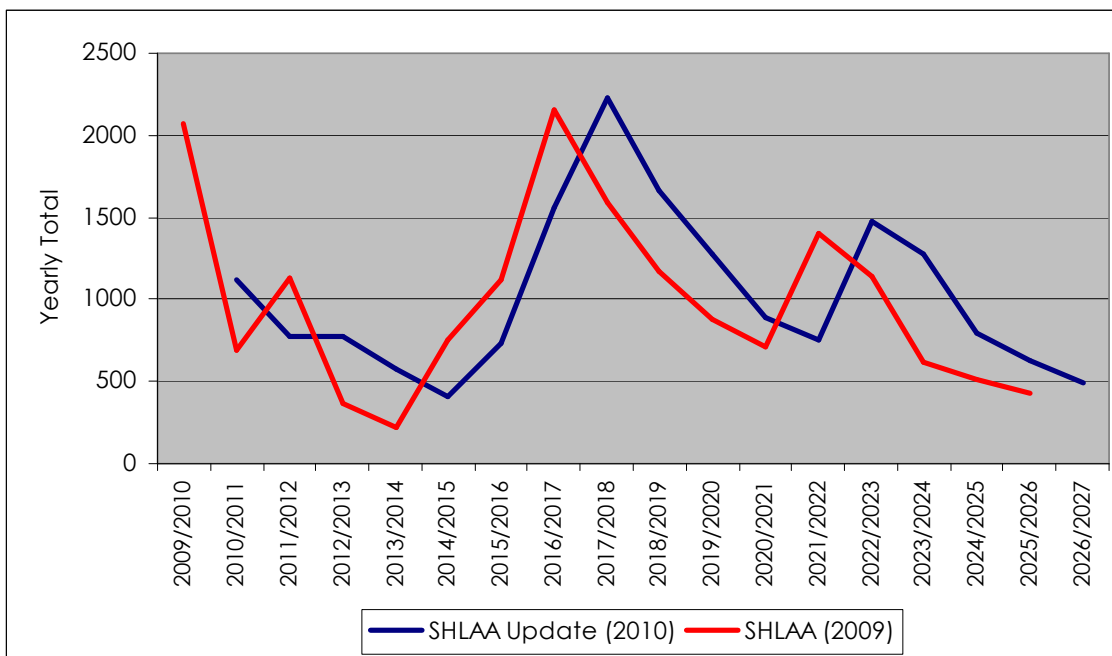
Scenario 6 – SHLAA (2010) Review Constrained

- 4.65 Calderdale Council has recently completed its review of potential land for housing within the borough up to 2027¹², with the information contained in the SHLAA Review (2010). This review identifies capacity for just over 17,400 new dwellings across Calderdale over the next 18 years.
- 4.66 The estimated trajectory of housing delivery across this period is presented in the following figure. It is important to note that the SHMA (2011) relied upon data in the SHLAA (2009), which has subsequently been superseded by the SHLAA Review (2010). This therefore presents an updated dwelling supply trajectory to take into account an additional year of development.

¹¹ Note: the projected level of household growth of 641 per annum is below the annual average delivery level of 670 dwellings (as per RSS) as the scenario factors in a component of vacancy to reflect turnover in the market.

¹² Further long-term sites are 'held in abeyance' and placed in the 2027/28+ category.

Figure 4.17: Calderdale Potential Housing Supply Trajectory (SHLAA)



Source: Calderdale Council, 2011, GVA analysis, 2011

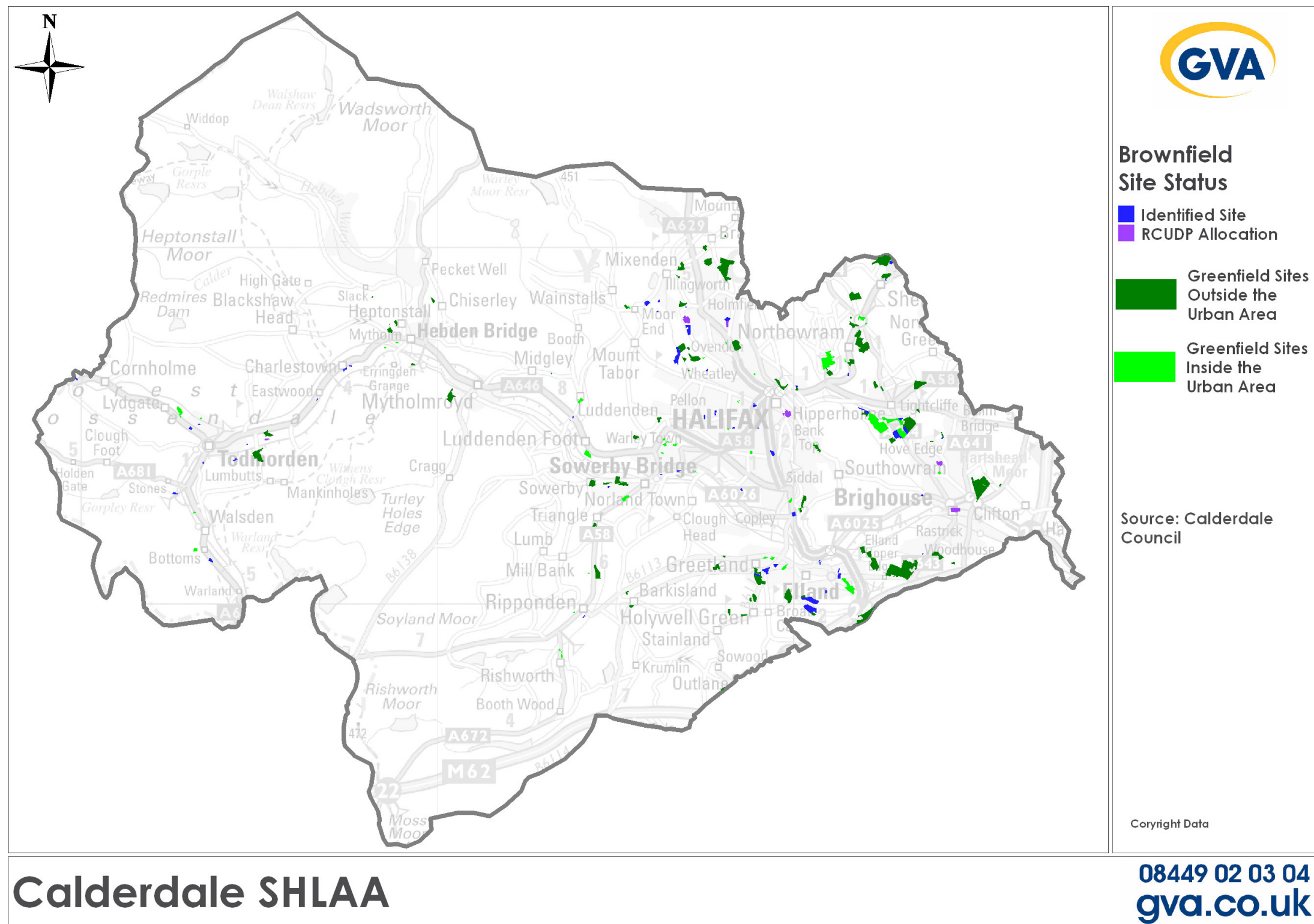
4.67 Importantly, however, the estimated dwelling capacity of Calderdale referenced within the SHLAA Review (2010) includes a number of sites that require planning policy changes to come forward within the borough to permit their development. For example, sites classified as:

- greenfield within the urban area;
- greenfield extensions; and
- new brownfield allocations.

4.68 As a result, the inclusion or exclusion of these sites from Calderdale's potential future housing supply will have an impact on the phasing and spatial distribution, as well as the total volume of deliverable supply across the period.

4.69 The location of potential sites for housing within the SHLAA Review (2010) is presented within the following figure, by site category.

Figure 4.18: Calderdale Potential Housing Supply (SHLAA Review, 2010)



Source: Calderdale Council 2011, GVA analysis, 2011

- 4.70 This scenario constrains annual future housing supply across the analysis period (to 2026) to the potential annual housing supply trajectory set out within the SHLAA Review (2010).
- 4.71 At this stage it is not possible to determine the direction of future planning policy within Calderdale, therefore the data within the SHLAA Review (2010) is utilised as the basis for this scenario, and assumes the total identifiable supply will be deliverable (i.e. approximately 17,400 dwellings). As a result, if policy acts as a continued constraint on delivery of a number of these sites, the dwelling capacity of the borough would be further reduced.
- 4.72 The application of this 'constraint' on dwelling supply produces the following household and population projections for Calderdale.

Figure 4.19: Scenario 6 – Population and Household Projection data

Scenario	Households				Household Change (total)				Household Change (annual)			
	2008	2026	2031	2033	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
6	85,343	102,899	n/a	n/a	4,882	17,557	n/a	n/a	697	975	n/a	n/a

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

- 4.73 This scenario suggests that Calderdale has suitable dwelling capacity to support household growth in Calderdale of almost 1,000 per annum (on average) to 2026.

5. Conclusion – Considering Housing Requirements

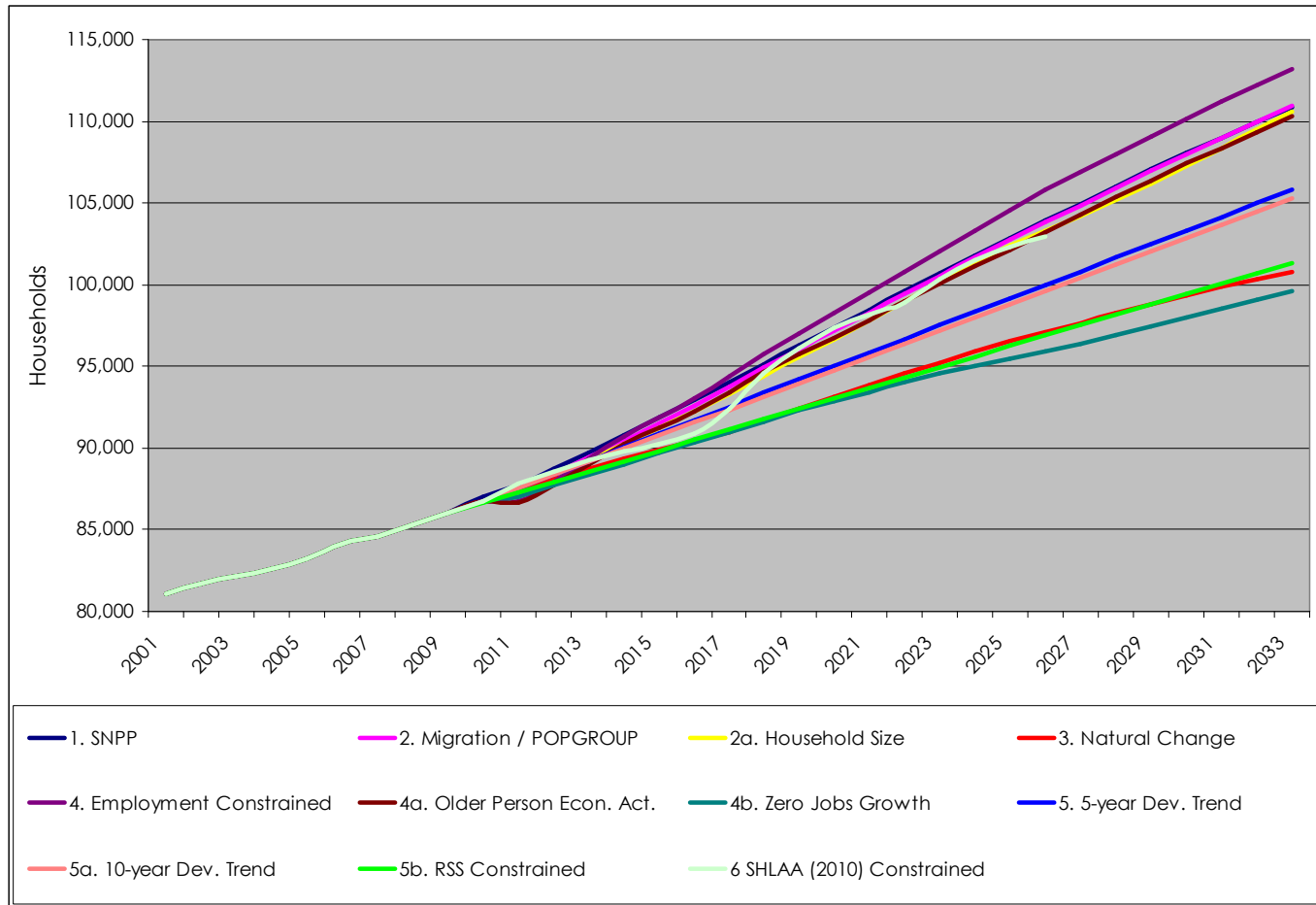
Overview

- 5.1 The requirements of this study were to undertake and present key analysis and recommendations that will enable the Council to understand, and evidence, a range of tested local housing requirements scenarios for the Calderdale borough to inform consultation on the development of appropriate local housing targets within the emerging Calderdale Local Development Framework (LDF) Core Strategy.
- 5.2 The study has considered the key drivers impacting on the housing market in arriving at conclusions. This has included analysis of demographic and economic factors as well as a comprehensive review of the active market.
- 5.3 The approach to analysis draws upon GVA's bespoke 'PHASE' (Population, Housing And Strategic Evidence) model, which uses an iterative scenario development approach to produce estimates of the future number of households, and therefore dwelling requirements, under a range of scenarios.

Considering Housing Requirements

- 5.4 This section of the report concludes by considering the outputs of the analysis presented in the preceding sections and recommends a set of refined parameters within which policy should set an appropriate housing requirement for Calderdale.
- 5.5 The following figure demonstrates the trajectory of household change for each of the scenarios tested for Calderdale. This highlights that household growth levels are particularly sensitive to alteration of the underpinning assumptions between scenarios – resulting in a range of potential household growth levels.

Figure 5.1: Household Growth Scenarios – Trajectories of Change (2001 – 2033)



Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010

5.6 The following figure summarises the level of household growth in Calderdale within each scenario tested across the period of 2008 to 2033.

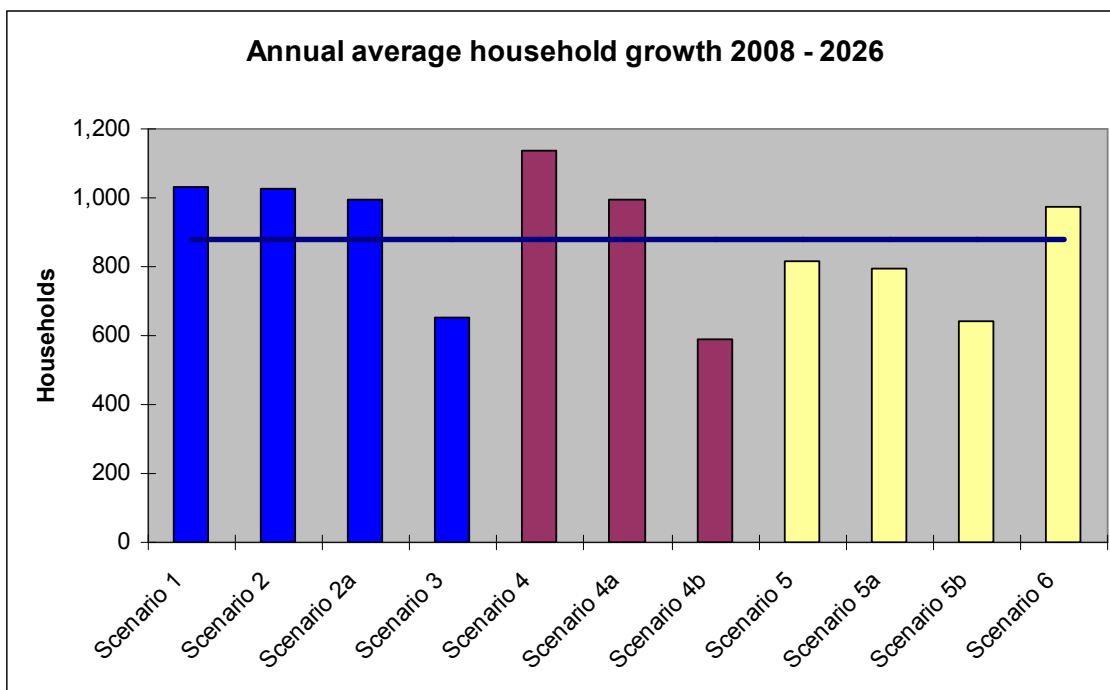
Figure 5.2: Household Growth Scenarios – 2008 – 2033

Scenario	Household Change (total)				Household Change (annual)			
	2008-2015	2008-2026	2008-2031	2008-2033	2008-15 (7 years)	2008-26 (18 years)	2008-31 (23 years)	2008-33 (25 years)
Scenario 1 - SNPP Scenario	6,502	18,563	23,650	25,539	929	1,031	1,028	1,022
Scenario 2 - Migration-led / POPGROUP	6,212	18,459	23,653	25,624	887	1,026	1,028	1,025
Scenario 2a - Household Size Sensitivity	5,894	17,931	23,028	25,284	842	996	1,001	1,011
Scenario 3 - Natural Change	4,547	11,749	14,519	15,453	650	653	631	618
Scenario 4 - Employment Constrained	6,503	20,447	25,859	27,901	929	1,136	1,124	1,116
Scenario 4a - Older Person Activity Rates Adjustment	5,881	17,895	23,033	24,981	840	994	1,001	999
Scenario 4b - Zero Jobs Growth	4,344	10,580	13,233	14,295	621	588	575	572
Scenario 5 - 5 Year Development Trend	5,535	14,656	18,802	20,461	791	814	817	818
Scenario 5a - 10 Year Development Trend	5,416	14,274	18,301	19,911	774	793	796	796
Scenario 5b - RSS Constrained	4,504	11,544	14,744	16,024	643	641	641	641
Scenario 6 - SHLAA (2010) Constrained	4,882	17,557	17,557	n/a	697	975	n/a	n/a

Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010, Calderdale Council, 2010

5.7 The following figure presents the annual average growth in households within each of the scenarios from 2008 to 2026. This period is utilised to enable comparison with Scenario 6, for which data is only available up to this date.

Figure 5.3: Annual Average Household Growth 2008 – 2026 (All Scenarios)



Source: Edge Analytics, 2011, GVA, 2011, ONS, 2010, Calderdale Council, 2010

5.8 The following recommendations for developing policy have been derived from the analysis undertaken:

- The housing market, and therefore housing demand, is closely linked to the economy. **The employment-constrained scenarios (Scenario 4, 4a, 4b) have been selected (as within the SHMA) as representing the most realistic trajectories of change.** This decision has been driven by consideration of the current housing market and national policy context – with emerging Government policy targeting economic growth through ‘sustainable development’. It is therefore important that Calderdale provides sufficient housing supply to meet demand driven by its economy in order to maximise productivity, support wealth generation for its residents and avoid leakage of returns and expenditure generated locally by businesses and households outside the borough. Scenarios 4, 4a and 4b consequently apply a necessary ‘moderation’ to the demographic driven scenarios assessed (Scenarios 1, 2, 2a, 3).

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- By taking into account wider economic conditions, and changing working practices, Scenario 4a is seen to be a more realistic assessment of employment constrained household growth than Scenario 4. For, Scenario 4a serves to moderate Scenario 4 by taking into account the evolution of trends emerging within the labour market (towards working for longer before retiring). As a result, **it is recommended that the upper threshold for policy to consider when setting a housing requirement is 999 per annum (to 2033) as established within Scenario 4a.**
 - In contrast, Scenario 4b provides a further test to moderate household growth in Calderdale – based upon a zero growth in employment to 2033. Whilst the delivery of a zero job growth does not align with wider policies it can be considered as a minimal level of growth in order to maintain the authority's economic position. On this basis **it is recommended that the lower threshold for policy to consider when setting a housing requirement is 572 per annum (to 2033) as established within Scenario 4b.**
 - **Setting the refined parameters within which policy should set an appropriate housing requirement for Calderdale between 572 and 999 homes per annum could result in either a higher or lower level of new housing delivery than currently set within policy – as laid down in RSS (670 per annum).** However, testing within both Scenario 5 and Scenario 5a reveals that continuing development trends over the past decade would result in Calderdale accommodating a higher level of household growth than set out within RSS. Moreover, a continuation of these delivery trends would result in sufficient new dwelling capacity to meet household growth requirements within the refined parameters as set out above.
 - **By constraining future housing requirements to RSS levels (670 per annum) Calderdale would not have sufficient housing capacity to provide homes for the number of households anticipated as required in order to fill the available job vacancies within the borough's economy over this period (as set out within Scenario 4a).** As a result, households would either commute into Calderdale to work, whilst living outside the borough (placing greater pressure on transport infrastructure), or would choose not to work in the borough. The latter potential impact holds the possibility of 'holding back' the future performance of the Calderdale economy – if its latent potential cannot be fulfilled¹³.
 - Testing the constraint on future household growth, resulting from the supply of potential land for housing within Calderdale, represents an important consideration in 'checking' the upper housing market threshold against which

¹³ Whilst not explicitly tested for the purposes of this study, a further reduction in housing delivery rates below this level would serve to exacerbate the anticipated outcomes noted.

housing requirements can be set. Scenario 6 suggests that Calderdale has suitable dwelling capacity to support household growth in Calderdale of almost 1,000 per annum (on average) to 2026. **Calderdale has the necessary potential supply 'headroom', based on the latest SHLAA assessment, to meet household requirements with the recommended parameters ranging between 572 and 999 homes per annum.**

Sub-Area Distribution of the Housing Requirement

- 5.9 The SHMA (2011) looked at the potential distribution of demand based on the Core Scenarios originally modelled. It was noted that the modelling of demand using the demographic scenarios at this geography served to project forward future demand based upon where development had been delivered historically.
- 5.10 The supply-constrained scenario previously considered in the SHMA, provides an important indication of where future development could be contained. This provides an important 'check' in considering how the overall requirement may be distributed spatially across the borough. This is replicated from the SHMA (2011) in the following figure.

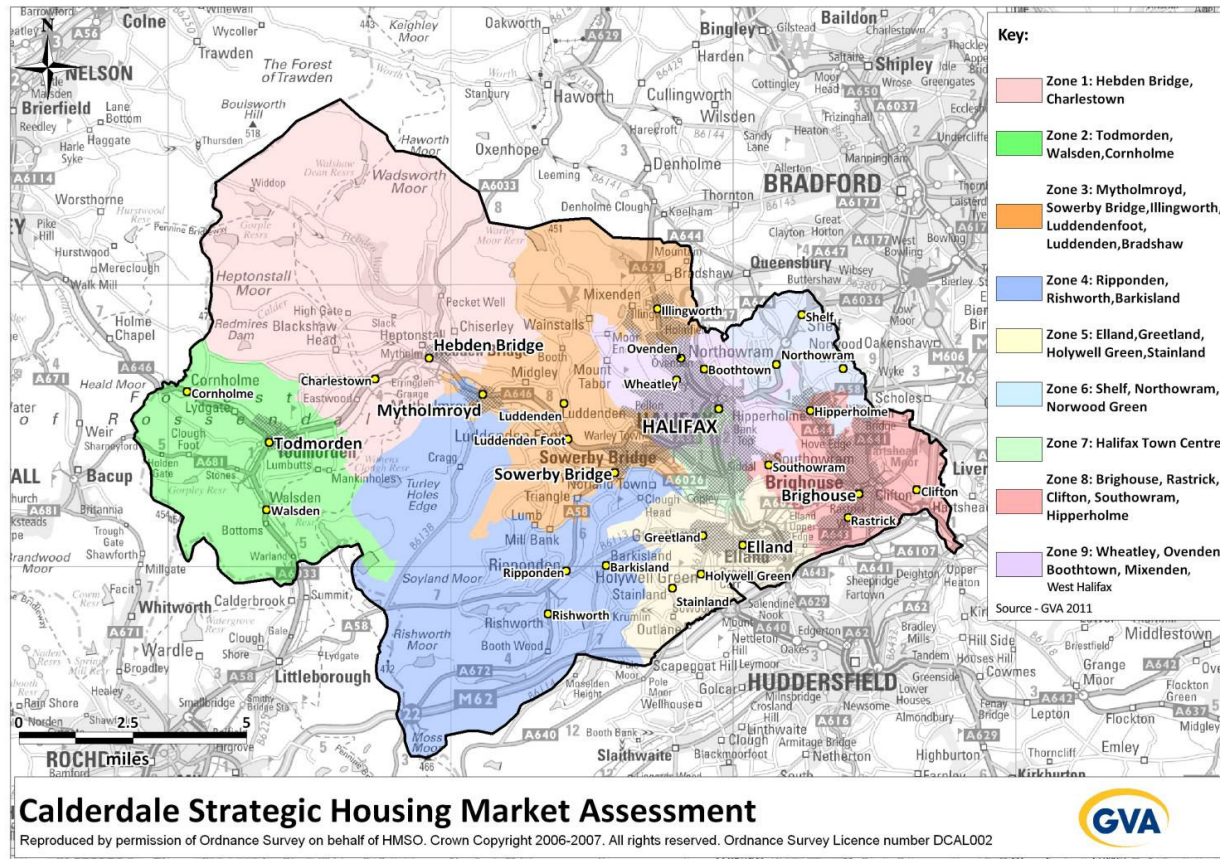
Figure 5.4: Potential Future Dwelling Capacity by Sub-market Area (SHMA, 2011)

Calderdale Sub-market Areas		Supply Scenario Capacity (SHMA, 2011)
Zone 1	Hebden Bridge & Rural north west	3%
Zone 2	Todmorden	5%
Zone 3	Mytholmroyd & Sowerby Bridge	17%
Zone 4	Ripponden & Rishworth	5%
Zone 5	Elland	17%
Zone 6	Northowram & Shelf	10%
Zone 7	Halifax Town Centre & South	5%
Zone 8	Brighouse, Southowram & Hipperholme	23%
Zone 9	West Central & North Halifax	15%
Calderdale (Total)		100%

Source: SHMA, 2011

- 5.11 Calderdale's housing sub-market areas are presented spatially in the following figure replicated from the SHMA (2011) for reference.

Figure 5.5: Calderdale Housing Sub-market Areas



Source: SHMA, 2011

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- 5.12 Considering employment-driven demand it is difficult at a sub-housing market area to accurately quantitatively link employment growth and population growth (as commuting is less contained at this level).
- 5.13 However, it is likely that employment growth will be focused within Calderdale's larger urban conurbations – reflecting traditional trends and policy drivers – with Halifax anticipated to be the primary driver in employment growth across the borough. As a result, it can be expected that the sub-market areas encompassing Halifax, and its surrounding areas in the eastern and central areas of the borough, will be likely to experience demand for housing from those employed locally.
- 5.14 Considering the potential supply distribution, it appears that there is some synergy in Calderdale between future housing supply identified in the SHLAA (2010) and likely future demand arising from employment driven household growth:
- Approximately 20% of potential supply is focused within, or directly surrounding, Halifax in Zones 7 and 9.
 - Considerable further potential supply is located in the sub-market areas surrounding Halifax in the east and central areas of the borough. Namely, Zone 3, Zone 5, Zone 6 and Zone 8 – comprising approximately 67% of the borough's potential future supply. It is anticipated that these locations would also experience employment-driven housing demand given their proximity to Halifax and the borough's larger settlements within individual sub-areas.
- 5.15 Whilst the above does not provide a final distribution of the overall requirement for policy it highlights important informing factors. It is also important to note that the capacity and potential development of infrastructure linking new development to services / jobs etc... is also critical. The Council are currently developing an Infrastructure Deficit Study, the findings of which will also need to be considered to inform this distribution through policy.

Progressing to a Housing Target for Calderdale

- 5.16 The evidence within this study presents a locally-tested set of refined parameters ranging between 572 and 999 households per annum, within which policy should set an appropriate housing requirement for Calderdale.

5.17 However, these figures are not intended to be directly transferred into a housing target within emerging policy. PPS 3¹⁴ advocates that when Local Authorities are translating housing requirements/targets into policy locally the following evidence should be drawn upon:

- The latest available population / household projections, as utilised within this study.
- The latest economic projections, as utilised within this study.
- Assessment of housing need and market factors – the former of which is evaluated within the SHMA (2011) and the latter of which is considered within this study.
- Supply capacity factors including land, which has been considered in this study.
- A Sustainability Appraisal of the environmental, social and economic implications, including costs, benefits and risks of development. This will include considering the most sustainable pattern of housing, including in urban and rural areas, factoring in likely topographical constraints.
- An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required. Infrastructure capacity is currently being evaluated by the Council.

5.18 As neighbouring authorities progress their housing evidence base, it will be important for Calderdale Council to continue to consider the potential impact to the Calderdale housing market of the application of planning policy constraints on housing delivery within these areas. To facilitate this understanding, Calderdale Council is currently engaged in discussion with the Leeds City Region partner authorities.

5.19 Further consultation work will be undertaken by Calderdale Council as part of the LDF process, alongside further detailed analysis of circumstances and factors influencing potential supply and demand, not least environmental and wider infrastructure constraints.

¹⁴ PPS 3: Housing (June 2011) – CLG, p.12 - 13